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13687 East Deer Pass Rd.
Dewey/Humboldt AZ. 86327
August 10, 2009
The Honorable Kris Mayes
The Honorable Sandra Kennedy
The Honorable Paul Newman
The Honorable Gary Pierce
The Honorable Bob Stump
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

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2009 SEP -3 P 2:57

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Dear Chairman Mayes and Commissioners: RE: Docket # E-01345A-08-0172

Thank you for your visit to Prescott. Chairman Mayes asked a couple of questions that were difficult for some of the speakers to answer off the cuff so I have done a little research that I hope may offer some insight.

One question was in comparison to Alaskan policy of \$1,000.00 flat fee for line extensions. Alaska because of its unique topography and construction requirements differs in many ways other than rural. Most of the power companies are municipality owned or a co-op where costs are contained as well as member participation refunds apply. Alaska is also a state that pays its citizens around \$3200.00 per year which last year included a 1200.00 energy rebate. That figures out to roughly \$13,000.00 for a family of four.

I spoke to three utility companies from Alaska about their line extension policy and received three different answers. I did not speak to all of them as there is as many as thirty or more because of the difficulty in a broad electrical grid such as we enjoy in the lower 48. The first three I spoke to at random do however indicate it is not as simple as only \$1,000.00 period.

Alaska Electric Light and Power Company is the only one who offers a flat \$1,000.00. However upon further review most of the land in there service area has been platted and in reality most extensions are only fifty feet to eighty feet because of the lot size. If an extension is provided for a lot that is being developed at the end of an extended line and in fill will be done later as others develop any costs over \$1,000.00 will be charged back from those new in fills will be refunded to the originator of the line extension for a period of five years. If a new primary is to be developed past the end of source the company may require the developer of such a large project to pay those costs or if there is a larger benefit the company or a combination of parties may be participants. My information was obtained verbally from one of there engineers with the first name of Darrell.

www.aelp.com/

Alaska Village Electric Cooperative offers a contribution of \$5427.00. Their consumer density is quite high so again most extensions are not extreme. The member base for this company is about 7,000 users. The same infill policy as above applies for those who pay to bring power to a property beyond those that may be improved at a later date. I spoke to

an engineer by the name of Gene. This is a CO-OP and refunds are released on a fifteen year cycle. This is that year and approximately 1.3 million dollars will be refunded to users www.avec.org/.

Chugach Electric Association was the third producer of electricity I spoke to and is also a CO-OP with distribution of funds at particular times. Their policy is to contribute \$1700.00 with no charge for transformers. Any in fill for refunds had the same time restrictions. The density again is quite high so the majority of extensions are not extreme. I could not get an average price per foot for long extensions as they insist on a per job estimate. It would again be a larger benefit or singular or participant effort to run large primary source to a requested area. As in most of these areas served if a person is very remote they use a generator or some other source of power if needed. That is not so different from our own state right now. I spoke to a person by the name of Jesse Boyd. www.chugachelectric.com.

Chairman Mayes question to our Assessor about the prices of property balancing out for value if one has electricity and one does not although meant well is probably an over simplification as well an impossibility to actually determine. Buyers and Sellers of property are what will determine the value. The assessor applies a formula for a percentage to be distributed to the government after the free market establishes the value.

In actuality an appraiser will base his appraisal on what 3 or more parties have already paid for something as well as phone calls to knowledgeable real estate agents about any individual characteristics to the sale that may have significant impact. This will mean that the fact one property has electricity, but falls short in a buyer's other interests will effect the sale as well as a property not having electricity but offering any such things as water, views or even remoteness. The sameness of property value defies one of the first things learned in real estate classes and one reason for many litigation actions, is that all property is unique and individual. That goes to Chairman Mayes point that in actuality a property with no power may sell for more money than one with depending on array of other factors. With all things being equal and similar circumstances with closely approximated property the one with improvements will sell for more than that one without. That probability of sameness is rare especially in our rural area.

I want to address one of the questions asked to one my fellow Realtor's about his opinion on what other states do. I must agree with him that it is absolutely none of our concern nor should be as it relates to our fiduciary responsibilities on behalf of our client's. We practice real estate in Arizona. Many of the people we represent purchased or inherited property with an understanding of a practice that had been established and operated in good faith by all parties including our Corporation Commission for almost a half century. This may also be summed up in one of the earliest lessons we learned in life. If your friend jumped off of a cliff would you do it too? The obvious answer should be no.

In previewing the APS site and reviewing the letter addressed to the Ernest Johnson with the Utilities Division as well as the Ten Year Plan it is implied that most of the projected 990 million dollars expenditure is related to the need for power due to the growth of the Greater Phoenix and Metropolitan area, significant amount will be sent to Tucson as well. I do not know how the distribution of those fund's play out but on the surface it seems

that we in rural areas may be participating at a different rate than those who have the most consumption and probably the most waste.

In summary I as an individual and I believe collectively as an industry feel the commissioners had every desire to do what was right in the extreme conditions our state was experiencing. I do feel however it may have a major impact in the opposite direction. Many of the issues that affected the rapid growth are not an issue any longer. The counties and other regulatory agencies have put policies in place that do not allow wildcat subdivisions to flourish. However the need to continually build out our electrical grid in the most economically way possible is still something that is needed for health and safety and one might argue National Security. We are an intertwined society that is treated unequally fair in many instances. In the immediate I would ask that the commissioners reinstate the practice of APS providing 1,000 feet of line extension in its original format. I would also offer myself to be a party to any committees or groups that have a sincere and reasonable willingness to see if there are some other alternatives in the future. Thank you for your service and your willingness to listen to us on this matter.

Respectfully,
Allen D. Whited
Owner Managing Member
Summer Sweet Realty Professionals LLC and Randa Homes LLC
Designations
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